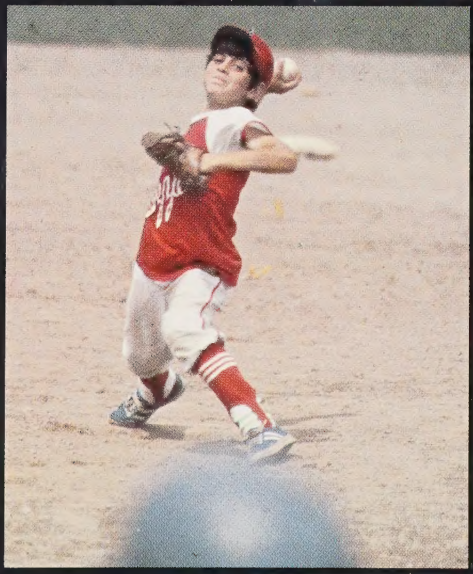
ANNUAL REPORT 1972

BRAMALEA CONSOLIDATED DEVELOPMENTS LIMITED



Officers and Directors

Officers:

John H. Taylor, Chairman of the Board
Alan F. B. Taylor,
Vice-Chairman of the Board
Arthur S. Armstrong, President and
Chief Executive Officer
Murray E. Hardisty, Vice-President
Frank W. Hearley, Vice-President
Reginald C. Winship, C.A.,
Vice-President and Comptroller
Ernest K. Birmann, Vice-President,
Industrial Development Division
George E. Whyte, Secretary

Directors:

ARTHUR S. ARMSTRONG
Toronto, Ontario, Canada
President and Chief Executive Officer

E. JACQUES COURTOIS, Q.C.
Montreal, Quebec, Canada
Partner — Laing, Weldon, Courtois,
Clarkson, Parsons, Gonthier
& Tetrault

ROSS DUNN, Q.C.
Toronto, Ontario, Canada
Partner — McMillan, Binch

ROBERT H. JONES
Winnipeg, Manitoba, Canada
President and Chief Executive Officer
The Investors Group

EMERSON M. MILLER
Toronto, Ontario, Canada
Special Advisor — Canada Permanent
Trust Company

ALAN F. B. TAYLOR
Toronto, Ontario, Canada
Vice-Chairman of the Board

JOHN H. TAYLOR
Toronto, Ontario, Canada
Chairman of the Board,
President and Chief Executive Officer
and Director—
Canadian Fuel Marketers Ltd.

JAMES A. THOMSON
London, England
Financial Director — The British and
Commonwealth Shipping Co. Ltd.

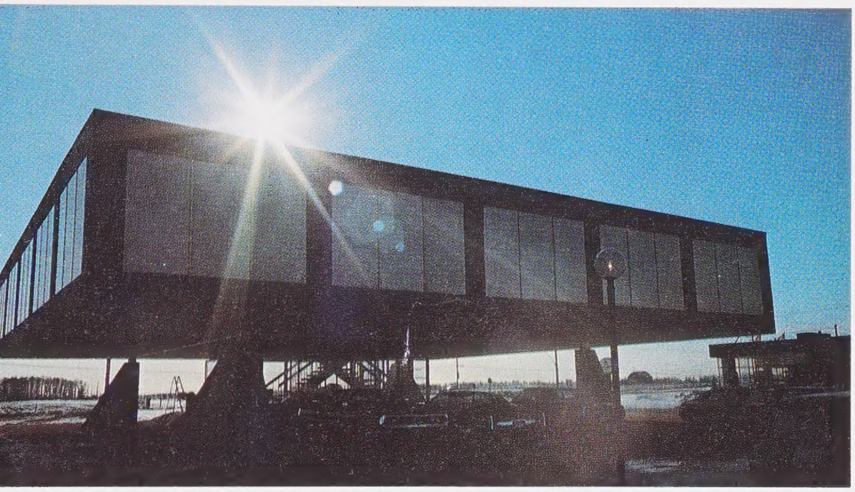
The Rt. Hon. LORD TWEEDSMUIR,
C.B.E., C.D., LL.D.
London, England
Chairman — The Advertising
Standards Authority

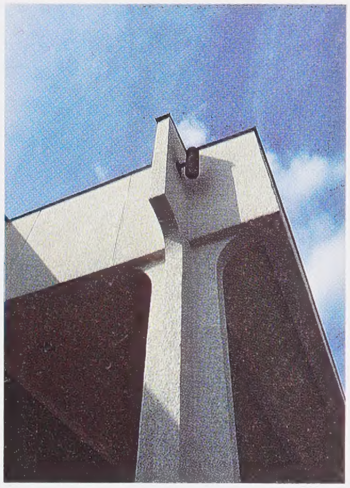
THE BRAMALEA GROUP

This Annual Report introduces our new symbol, which, in future, will identify the Company and its associates in their operations across Canada.

BRAMALEA
CONSOLIDATED
DEVELOPMENTS
LIMITED

Executive and General Offices:
1867 Yonge Street, Toronto, Ontario





(Above) Head Office of Bramalea General Contracting (Peel) Limited.

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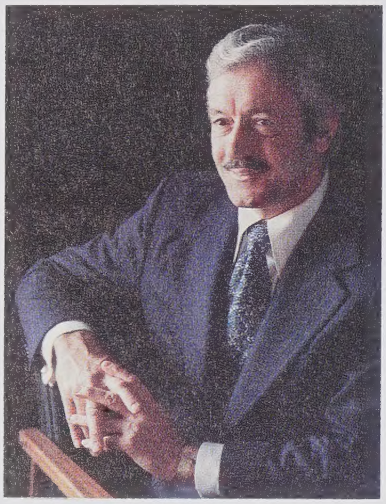


PRESIDENT'S REPORT TO THE SHAREHOLDERS

We are pleased to record greatly improved results in the Company's earnings in the fiscal year ending November 30, 1972, as compared with the previous year. Gross revenues rose nearly 50 per cent and our cash flow per share also improved dramatically. Of equal importance during the 1972 fiscal year is the fact that significant progress was made in changing the Company's operating policy and structure. Our corporate strength has been increased by certain operational revisions, including the thorough overhaul of the Residential Construction and Accounting Divisions.

At the conclusion of the President's Report in the 1971 Annual Report, it was stated that corporate planning during that year had prepared us for major expansions in land holdings and house building volumes. We are happy to report that the plans for 1972 were realized by the results for that period. Total revenues were $65,819,999 and after-tax earnings were $1,990,549 or 32¢ per share. Cash flow equalled $1.38 per share, up from 17¢ per share in fiscal 1971.

The reduction of our housing inventory from 773 units to 127 units in the southern Ontario projects is, we feel, a major achievement. During 1972, Company records were established with 1,428 housing starts and 2,026 sales closings. These volumes were attained by our Ontario Residential Construction Division and our associate companies and joint ventures across Canada. We were also active in the sale of developed lots to other builders in the Ontario communities of Bramalea, Clarkson, Burlington and Unionville.

The 1972 reduction of inventory and sale of developed lots to other builders represent a change in the Company's operating policy. Our original objective of building residential housing is now supplemented by our sales of developed land. Rigid controls on speculative inventory will be maintained concurrently with the building or acquisition of further residental, commercial/retail, commercial/office and industrial revenue-producing properties. These techniques should ensure a regular annual cash flow and a more stable earnings picture.

Bramalea City Centre will be the major addition to the Company's revenue-producing portfolio in 1973. It is scheduled to be open for business by the end of March, 1973, although construction delays have resulted from prolonged strikes in the elevator and escalator industry. It will offer comprehensive facilities to the thousands of shoppers who are expected to come from Bramalea and other communities served by the Centre.

Bramalea City Centre will have approximately 150 stores, including many major national chain and department stores; in all, a total of approximately 800,000 square feet of rentable space. A well-balanced tenant mix will be a strong feature.

The Company will soon consolidate its permanent financing of the Centre by proceeding with its $24-million mortgage, for which a commitment has been received.

The Niagara Peninsula Shopping Centre in St. Catharines, Ontario, in which we have a leasehold interest, is being expanded by the construction of an Eaton's of Canada store. When completed, the centre will total 910,000 square feet. A further expansion and the enclosure of the malls are planned within two years. These additions will greatly increase our profit from this enterprise.

The new Bramalea office building at 1867 Yonge Street, Toronto neared completion during 1972. However, construction delays resulted from problems associated with the installation of elevators. Labour disputes in this sector of the construction industry have limited the ability of Canadian building developers to complete projects on schedule. However, the Company expects that 1867 Yonge Street will be fully rented during 1973.

The Company's entire administrative operation, presently occupying offices in downtown Toronto and the community of Bramalea, is now preparing to move to its new location at 1867 Yonge Street. This centralizing of facilities should stimulate controls and economies which are expected to enhance profits. The choice of this location also underlines the steady growth of the Company from its original and exclusive orientation to Bramalea, the new town it created, to its present role as a widely diversified builder/developer operating across Canada.

As noted in more detail elsewhere in this Report, our operations in western Canada have been completely re-structured. Since early in the fiscal year 1973, the Company has been represented there by Bramalea Wescorp Developments Limited which is 50 per cent owned by the Company. Previous joint ventures in Vancouver, British Columbia, and in Edmonton, Alberta, have been terminated and certain of the lands taken over by Bramalea Wescorp. These and any future projects in the West, will now be backed by the availability of a thoroughly professional team in Vancouver.

In Bramalea, the Company has a one-third interest in Central Park Developments, a development operated under the auspices of the Ontario Housing Corporation's "H.O.M.E." scheme. The new planning techniques allow for the more efficient use of land by eliminating rigid and arbitrary side, front and rear setbacks. It may offer one solution to the problem of high land prices in the Metropolitan Toronto area.

Industrial land sales in 1972 were hindered by an apparent reluctance by Industry to commit for capital expenditures until late in the year. We view 1973 with optimism, as sales in the early part of this year already exceed those achieved in 1972. Additional and significant industrial land sales will be stimulated by the development of 700 acres of industrial land in Bramalea. The Official Plan Amendment for this land recently was approved by the Province of Ontario.

In Unionville, Ontario, our Village In The Valley Limited project is proving very successful and we are confident of even greater success in 1973. The Company has been particularly active in selling developed lots in this project to other builders.

In Ottawa, Ontario, Century Manor, a condominium project developed in conjunction with Aselford-Martin Ltd., is proceeding on schedule. This joint venture also has an option on 26.4 acres of land on Ottawa's Riverside Drive, for which zoning approval is being sought.

Further encouraging activity has been recorded by other companies in which we have an interest. In Montreal, Quebec, houses in the Domaine de Champvert Limitée project are being constructed on schedule. Ultimately, 365 acres of residentially-zoned land should produce 3,600 residential units for sale and rent, in this project.

In London, England, the residential development started in 1971 is somewhat behind schedule and is now due for completion in 1973. Despite this delay, profits resulting from the development should substantially exceed earlier projections.

Bramalea General Contracting (Peel) Limited has had another suc-

(Above) The Company's Management Committee: (from left), F. W. Hearley, Vice-President; M. E. Hardisty, Vice-President; A. S. Armstrong; and R. C. Winship, Vice-President and Comptroller. (Below) C. A. Coull, Manager, Corporate Services (left); R. C. Winship, Vice-President and Comptroller; and R. M. Coole, Manager, Administrative Services.

cessful year. In addition to its major project, the Bramalea City Centre, it has, during the past 12 months, been responsible for $9,359,992 of completed construction.

Robert Hunt Company Limited of London, Ontario, continued its geographic expansion, and higher sales produced greatly improved profit margins for 1972.

Bramalea Realty Limited continued to grow steadily in Ontario. By the end of 1972, its sales volume was in excess of $20,000,000 through 20 offices.

During the latter part of 1972, a lawsuit was launched in the Bahamas by WRL Investments Limited of Nassau against Crown Colony Club Limited, in which the Company has a 53% interest, and your Company. The matter is more fully referred to in Note 16 (d) of the Notes to the Consolidated Financial Statements. Late in the year, Crown Colony Club Limited entered into a lease agreement with a company formed by some of the Club's original members. Now, all the island facilities will be leased for a 10-year period, with the lessee maintaining them and being responsible for certain major capital additions. This arrangement will increase the Company's overall profitability in the future.

As far as your Company's future is concerned, all our decisions, aimed at consolidating our growth, are re-

inforced by our confidence in the long-term prospects for companies developing land and building houses. At the moment, there are ample supplies of mortgage funds, and NHA rates do not appear likely to rise in the near future. By 1974, however, we anticipate a slackening in demand for residential housing as a result of higher prices created by rising material, labour and land costs. We are structuring our mid-range earnings budgets to compensate for this through other activities.

Confidence in the future has prompted our more recent land acquisitions and as a comprehensive guide to our operations in the land development field, this Report includes a schedule of Company land holdings, wholly-owned and partially-owned. Our portfolio of land holdings in the Metropolitan Toronto area alone will enable us to provide developed housing lots during the next five years, when we anticipate a critical shortage of supply.

In Bramalea, Pickering and Orangeville, all of which are close to Toronto, the Company acquired a total of 1,815 acres. The principal portion of the 870 acres acquired in December, 1972, in Bramalea is within the Toronto-Centred Region Plan and next in line in the development stream. A 50/50 joint venture has been formed with a major Toronto area builder/developer, with management remaining in our hands. The Official Plan Amendment for these lands, together with the additional 3,258 acres already owned by the Company, gives Bramalea a projected population of 125,000. Chinguacousy Planning Board and Council have passed the Amendment, which is currently being processed by the Province of Ontario.

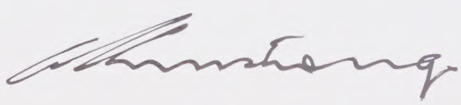
In Pickering Township, 745 acres of land were assembled south of Finch Avenue and north of Steeles Avenue. The new town of Amberlea is planned for this area and the Company has formed a joint venture with a group of investors, in which we retain a 60 per cent interest and have the responsibility for management. If the appropriate municipal clearances are obtained, construction should start within two years. In Orangeville, 200 acres of land were acquired and will be ready for development within the next three years.

The changing of policy and structure of a major company is never easy and requires dedication and hard work from all staff members. The effectiveness of that combined effort is shown in the excellent results of the 1972 fiscal year. A substantial base has now been created for the organization of Bramalea Consolidated Developments Limited into what we now consider is truly "The Bramalea Group."

The Company has formulated its 1973 budget to maximize profits from shopping centres; land sales (including our Heart Lake acreage, the sale of which was negotiated in a prior period); our western Canada operations; and from accruals of our diversification programme and the availability of a positive cash flow. As a result, we look forward to a further improvement in our earnings in 1973.

R. C. Winship, Vice-President and Comptroller (left); S. D. Davidson, Senior Financial Manager; and S. P. Crawford, Senior Accounting Manager.

Finally, and with deep regret, your Board of Directors, in November 1972, recorded the passing of Mr. R. A. Taylor, who had been a Director of the Company for three years. During his period of service, Mr. Taylor was of great help both to his fellow Board members and to management. He will be sorely missed.



REVENUE-PRODUCING PROPERTIES

In 1972, the Company continued its programme of increasing its portfolio of revenue-producing properties. Additional properties are under construction, or have been completed, in all classifications — commercial, industrial, residential and office building.

In the commercial section, the completion of the 120,000 square feet Eaton's of Canada store in Pen Centre, St. Catharines, and the 800,000 square foot Bramalea City Centre, will place the Company in the position of operating six shopping centres in southern Ontario, having a total rentable area of 2,137,000 square feet. (Locations and sizes of these centres are shown in the accompanying table.)

In 1972, the Industrial Division completed buildings leased to Empire Maintenance Limited and York Trading Limited and construction was begun on a multiple tenancy building. Upon its completion, the Company will be operating seven industrial buildings in Bramalea totalling 354,400 square feet.

During the year ended November 30, 1972, the Company completed four projects which added 582 townhouse units and apartment suites to its residential rental portfolio. These projects were virtually fully rented by December 31, 1972. With these additional units, the Company now owns and operates six residential rental projects containing 774 townhouse units and apartment suites.

The Company's new office building, located at 1867 Yonge Street, Toronto, is almost complete.

The Company's shopping centres are managed by Less-Hipperson International Limited, in which the Company has a 51% interest. The industrial, residential and office building projects are managed by Bramalea Management Corporation Limited, a wholly-owned subsidiary of the Company.

(Right) At Bramalea City Centre: David A. Less, President, Less-Hipperson International Limited, and Fred D'Silva, President, Bramalea General Contracting (Peel) Limited. (Top centre) T. E. Osborne, President, Bramalea Management Corporation Limited (left), and G. L. Bevan, Manager, Maintenance Department. (Extreme right) The Company's new head office building at 1867 Yonge Street, Toronto.

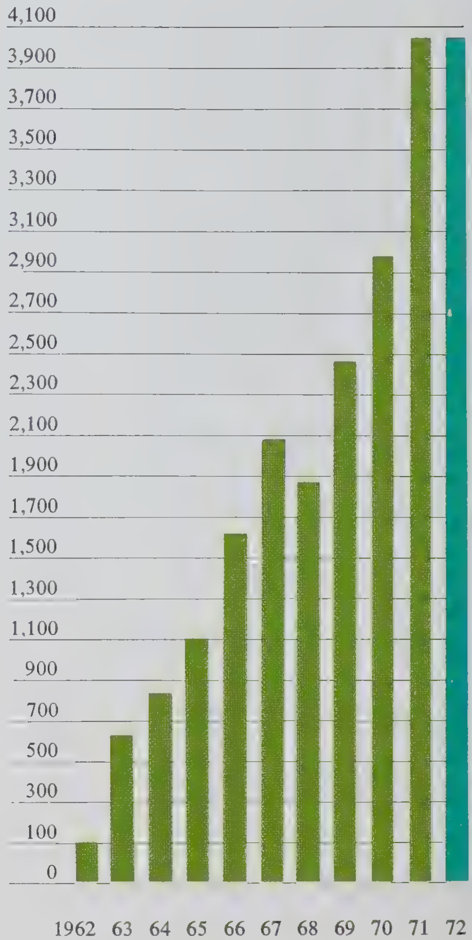

EATON'S

REVENUE-PRODUCING PROPERTIES

Description	Location	Owned =O Leased =L	Rentable Area (Square Feet)	Number of Stores or Units
Commercial				
Niagara Peninsula Shopping Centre	St. Catharines, Ontario	L	790,000	94
Extension (under construction)		L	120,000	1
Bramalea City Centre	Bramalea, Ontario			
Phase I		O	102,500	22
Phases II-V (under construction)		O	697,500	128
Southgate Village Shopping Centre	Bramalea, Ontario	L	26,900	11
Royal Orchard Shopping Centre	Thornhill, Ontario	O	42,800	10
Harwood Place	Ajax, Ontario	L	207,100	36
Queenston Mall	Hamilton, Ontario	L	150,200	30
Industrial				
Tenant:				
Empire Maintenance Limited	Bramalea, Ontario	O	42,000	—
Palmer-Shile (Canada) Limited	Bramalea, Ontario	O	30,000	—
Root Wire Limited	Bramalea, Ontario	O	20,000	—
Canadian Tire Corporation Limited	Bramalea, Ontario	L	68,000	—
Multiple tenancy	Bramalea, Ontario	L	33,400	—
York Trading Limited	Bramalea, Ontario	O	68,000	—
Multiple tenancy (under construction)	Bramalea, Ontario	O	93,000	—
Residential				
Townhouses				
— York Square North	Borough of North York, Ontario	O	—	91
— Bramalea	Bramalea, Ontario	O	—	101
— Martingrove Estates	Borough of Etobicoke, Ontario	O	—	76
— Village By The Lake	Pickering, Ontario	O	—	97
Apartments				
— Williamsquare	Bramalea, Ontario	O	—	340
— Concept 3	Bramalea, Ontario	O	—	69
Office Building				
Under construction	Toronto, Ontario	O	120,000	—

INCOME FROM REVENUE-PRODUCING PROPERTIES

INCOME IN THOUSAND DOLLARS



RESIDENTIAL DEVELOPMENTS

The Company, by itself or through associate companies and joint ventures, built and sold housing units in 11 municipalities in Canada in 1972. Principal activity was in the Metropolitan Toronto area, but housing units were also built and sold in Montreal, Quebec, Edmonton, Alberta, and Vancouver, British Columbia. The detail of this residential construction activity is shown in the accompanying table. In addition, construction started in the fall on a 191-unit condominium high-rise building in Ottawa, Ontario. To date, 70 units in this building have been sold.

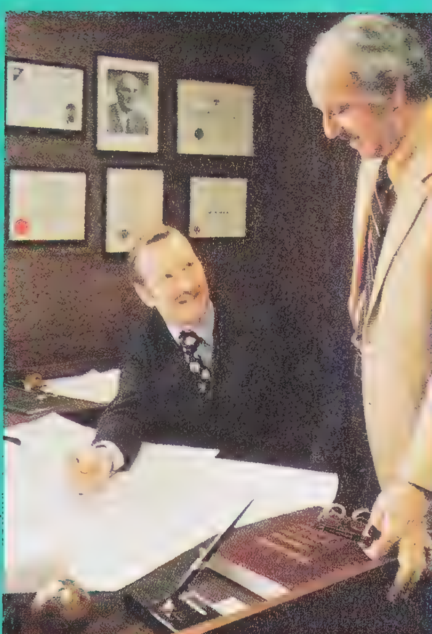
During the year, the Residential Construction Division also completed four townhouse and apartment projects containing 582 rental units. These units are now included in the Company's Revenue-Producing Properties portfolio.

Members of the Residential Construction Division: (from left to right), M. B. Chase, Head of the Market Research Department; D. J. Kitchen, Co-ordinator, Residential Construction Activities; A. Dews, General Manager, Residential Construction Division; and F. W. Hearley, Vice-President.

RESIDENTIAL DEVELOPMENTS

	Number of Units in Inventory Nov. 30, 1971	Number of Units Built in the Year Ended Nov. 30, 1972	Number of Units Sold in the Year Ended Nov. 30, 1972	Number of Units in Inventory Nov. 30, 1972
Housing built by the Residential Construction Division				
Bramalea —				
Single and semi-detached houses	66	402	420	48
H.O.M.E. Plan condominium units	260	97	343	14
Mississauga —				
Single and semi-detached houses	39	186	212	13
Condominium units	79	—	79	—
Etobicoke —				
Condominium units	13	—	13	—
Toronto —				
Condominium units	315	—	292	23
Guelph —				
Condominium units	1	—	1	—
Burlington —				
Single and semi-detached houses	—	122	93	29
North York —				
Single family houses	—	37	37	—
	773	844	1,490	127
Housing built by Associate Companies and Joint Ventures				
Unionville —				
Single family houses	28	81	109	—
Vancouver —				
Condominium units	90	336	341	85
Edmonton —				
Condominium units	19	115	84	50
Montreal —				
Semi-detached houses	—	52	2	50
	137	584	536	185
	910	1,428	2,026	312

BRAMALEA INDUSTRIAL PARK

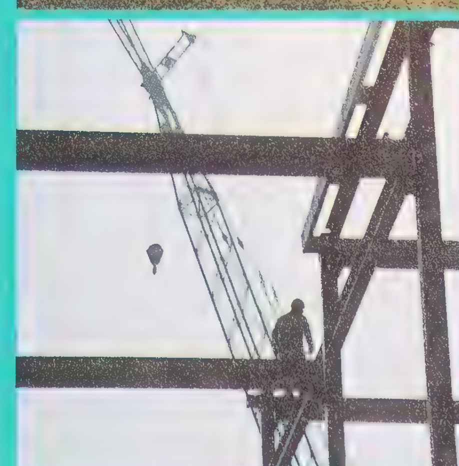


E. K. Birmann, Vice-President, Industrial Development Division (left), and C. C. Leigh, Industrial Project Manager.

During the fiscal year ended November 30, 1972, 13.5 acres of land in the Bramalea Industrial Park were sold to six industries and the Township of Chinguacousy (see below). Despite an apparent cutback in spending by industry, steady expansion continued in the Park. Four companies which had purchased sites prior to 1972 built and occupied their premises. Four industries expanded their plants by 75,000 square feet and another four industries began additions to their plants totalling 109,000 square feet.

The Park now has approximately 6,200,000 square feet of buildings occupied by 87 industries and businesses employing approximately 10,500 people.

The Company owns four industrial buildings in the Park, all of which now have long-term leases. Two were completed in mid-1972 and a multiple tenancy building is presently under construction. The Company also leases two industrial buildings, which in turn, it subleases to industries and businesses. (Further details on all rental buildings are shown in the Revenue-Producing Properties section of this Report.)



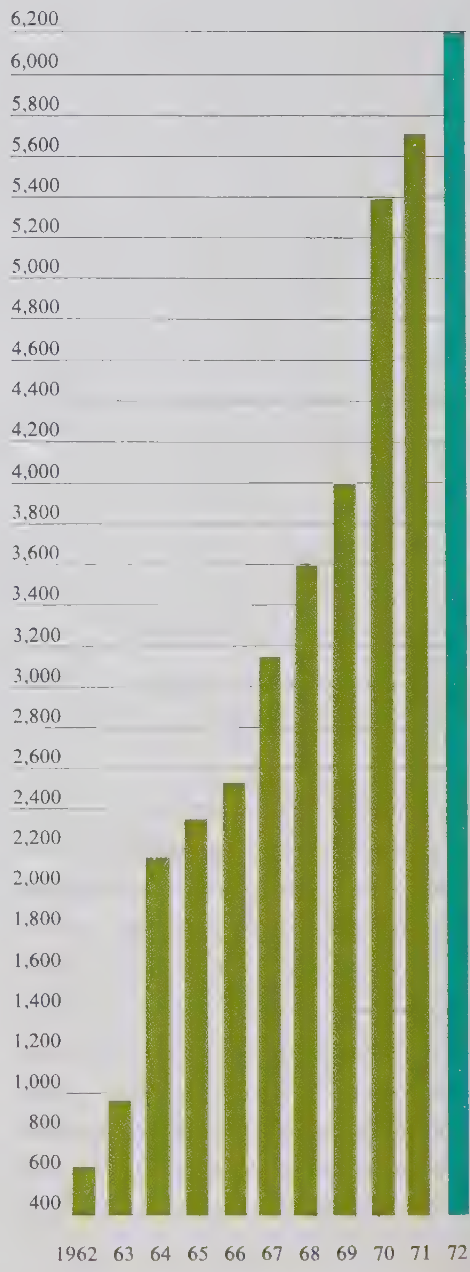
BRAMALEA INDUSTRIAL PARK

Company	Acres	Square Feet		
		Buildings Occupied	Under Construction Nov. 30, 1972	Construction Scheduled in 1973
Companies which purchased sites in Bramalea in 1972				
F.B.M. Distillery Co. Limited	2.8			
Dominion Fence & Wire Products Limited (Additional Land)	2.0			
Lepage's Limited (Additional Land)	.5			
Pleuger of Canada Ltd.	1.2	20,000		
Township of Chinguacousy	1.1			
Viceroy Plastic Packages Limited	3.0			30,000
Bramalea General Contracting (Peel) Ltd.	2.9	6,400		
	13.5	26,400		30,000
Companies which purchased sites in Bramalea in 1970 and 1971 and had not occupied their buildings in 1971				
Ampex of Canada Ltd.				50,000
Calgon Interamerican Corporation		15,000		
Canada Packers Limited		45,000		
Drew Brown Limited		80,000		
Record Chemical Ltd.				20,000
Zimmer of Canada		12,000		
		152,000		70,000
Companies which completed or started additions to their buildings in 1972				
F.B.M. Distillery Co. Limited			30,000	
Hydromatic Machines Ltd.		8,000		
Kitchens of Sara Lee (Canada) Ltd.			17,000	
Lepage's Limited			58,000	
W. Ralston (Canada) Ltd., Division of Canadian Technical Tape Ltd.		30,000		
Root Wire Ltd.			4,000	
KSH Canada Ltd.		30,000		
Mitchell Construction Company (Canada)		7,000		
		75,000	109,000	
	13.5	253,400	109,000	100,000

In October 1972, the Company commenced construction of a multiple tenancy industrial building of 93,000 square feet.

SQUARE FOOTAGE OF INDUSTRIAL BUILDINGS OCCUPIED

GROWTH IN SQUARE FEET (000's OMITTED)



OTHER ACTIVITIES

Bramalea Wescorp Developments Limited
Bramalea Trans-Canada Limited

Bramalea Consolidated Developments Limited has a 50% interest in Bramalea Wescorp Developments Limited, which manages the Company's projects in western Canada. In 1972 and prior years, these projects were undertaken by joint ventures between the Company's wholly-owned subsidiary company, Bramalea Trans-Canada Limited, and local established building and development companies.

Bramalea Wescorp built a 150-unit condominium project in Vancouver, British Columbia, and all units were sold and closed during the fiscal year ended November 30, 1972.

Two Bramalea Trans-Canada Limited joint ventures built condominium townhouse projects in Vancouver, and Edmonton, Alberta. Dunhill-Bramalea Developments, the Vancouver joint venture with WKP Construction Ltd. sold 191 units in two projects. Bramalea-Edmonton, formerly Bramalea-Embassy, operating in Edmonton, sold 84 units in the 1972 fiscal year. When their combined inventories of 135 units are sold, development will become the responsibility of Bramalea Wescorp.

The Company has purchased the interests of its partners in the Edmonton and Calgary joint ventures. The Calgary joint venture Bramalea-Calgary (formerly Heri-

Members of Bramalea Wescorp Developments Limited: (from left), W. T. Kennedy, Vice-President, Operations; T. G. O'Leary, Vice-President, Marketing; T. R. Buckley, Vice-President and General Manager; and R. M. McKenzie, Comptroller.

(Above) R. B. Emerson, President, Bramalea Realty Limited. (Below) Robert A. Hunt, President, Robert Hunt Company Limited.

tage Developments), had not commenced construction. Bramalea Wescorp is managing the development of 185 acres of land in a joint venture in Calgary.

Bramalea General Contracting (Peel) Limited

Bramalea General Contracting (Peel) Limited, a 51%-owned subsidiary of the Company, engages in construction projects in the commercial, industrial, institutional and government fields. During the fiscal year 1972, it completed projects totalling $9,359,992, including a junior high school, the Chinguacousy Township Municipal Offices, a department store and the final phase of the Canada Centre for Inland Waters, all in Southern Ontario.

Bradsil Contracting Company

Bramalea Leasing Corporation Limited has a 50% interest in this company, which engages in specialized general contracting projects.

Village In The Valley Limited

This company, 50% owned by the Company, was formed to develop land in Unionville, Ontario. It owns approximately 696 acres of land there and has been particularly active in selling developed lots to other builders.

Bramalea Office Buildings Limited

This wholly-owned subsidiary will lease and operate the Company's first office building project, an 11-storey, 158,000 square foot building nearing completion at Yonge and Balliol Streets in the City of Toronto.

Bramalea Overseas Developments Limited

This wholly-owned subsidiary is based in London, England, and has purchased a site there for multiple residential development. The first project, 15 townhouse condominium units in the Highgate area, is under construction and sales are expected to start closing early in 1973.

Domaine de Champvert Limitée

The Company has a 50% interest in Domaine de Champvert Limitée and 52 houses in the first stage of its Longueuil, Quebec project are nearing completion. Over the next six to seven years, 3,600 single and multiple-family dwellings should be built in this project.

Peter A. Jones, President, Bramalea Office Buildings Limited.

Real Properties

The Company has an 85% interest in a joint venture formed to undertake the redevelopment of a 10-acre site in Toronto's east-central section. The site was sold in January, 1973 for use as a shopping centre.

Hanlon Park Developments Limited

The Company has an 85% interest in Hanlon Park Developments Limited, a company owning 242 acres of land in the Guelph, Ontario area. No development of this property has taken place to date.

Bramalea Management Corporation Limited

This wholly-owned property management company provides management and maintenance services in condominium and rental projects built by the Company and others. At November 30, 1972 it was managing 2,540 rental and condominium units, in addition to the Company's industrial buildings and its new office building in Toronto.

Less-Hipperson International Limited

The Company has a 51% interest in Less-Hipperson International Limited, which provides various services in connection with the development, management, maintenance, operation and leasing of shopping centres.

Crown Colony Club Limited

The Company has a 53% interest in Crown Colony Club Limited, which controls approximately 900 acres of land on Chub Cay in the Berry Islands, 35 miles northwest of Nassau, Bahamas. In 1972, the island's extensive facilities were leased for 10 years to a company formed by some of the Club's original members.

Robert Hunt Company Limited
Robert Hunt Mill Work Corporation Limited

The Company has a 50% interest in these two companies, which manufacture windows, doors and related products for the building industry. Head offices and main plant facilities are located in London, Ontario. Plants are also operated in Toronto and Halifax, N.S. and warehouses in Winnipeg, Manitoba, and in the Ontario cities of Kitchener, Sudbury, and Ottawa.

Sarnia St Clair Construction Company

The Company has a 50% interest in this joint venture, which in 1972 sold its remaining seven houses, four of which closed in the 1973 fiscal year. No further activity is planned.

Bramalea Realty Limited

The Company has a 49% interest in Bramalea Realty Limited, which is mainly involved in resale real estate and sells, in addition, new homes built by other builders. It acts as a rental agent on various apartment and townhouse projects and provides full mortgage financing services and appraisals for its clients, as well as being active in commercial and industrial real estate. Over one hundred licensed sales representatives are employed through a network of 20 offices in central and western Ontario, including 10 new offices opened in 1972. Bramalea Realty has extended its operations into the Windsor, Galt and Guelph areas in 1973 and plans to enter other Ontario areas which it presently does not serve.

M. Bouchard, President, Domaine de Champvert Limitée.

Brama-Green Limited

The Company has a 50% interest in Brama-Green Limited, formed to farm the Company-owned raw land in Bramalea. Presently, approximately 1,800 acres are being farmed.

Bramalea Leasing Corporation Limited

This wholly-owned subsidiary company leases approximately 170 cars and trucks on short and long-term leases and is a franchised Tilden agency.

Vancouver
[illegible] acres (50%)

Calgary
2[illegible] acres (100%)
185 acres (25%)

Edmonton
44 acres (100%)

Southern Ontario

Bramalea
3,258 acres (100%)

Burlington
76 acres (100%)

Guelph
242 acres (85%)
4 acres (100%)

Milton
29 acres (100%)

Mississauga
3 acres (100%)

Orangeville
200 acres (100%)

Pickering
745 acres (60%)
4 acres (100%)

Toronto
10 acres (85%)

Unionville
696 acres (50%)

Waterloo
10 acres (100%)

London
1 acre (100%)

Ottawa
11 acres (50%)

Montreal
365 acres (60% when taken up)

LAND HOLDINGS OF BRAMALEA CONSOLIDATED DEVELOPMENTS LIMITED ASSOCIATE COMPANIES AND JOINT VENTURES

As of November 30, 1972
Percentage interest of the Company
shown in brackets

The Company's Land Development team, responsible for activities in Eastern Canada: (from left), Project Managers J. H. Barden, P. J. Ruddy, A. C. Chartrand and H. D. Smith; and M. E. Hardisty, Vice-President.

CORPORATE DIRECTORY

Divisions

Commercial Properties Division
Industrial Development Division
Land Development Division
Residential Construction Division

Wholly-Owned Subsidiary Companies

Bramalea Hotels Limited (inactive)
Bramalea Leasing Corporation Limited
Bramalea Management Corporation Limited
Bramalea Office Buildings Limited
Bramalea Overseas Developments Limited
Bramalea Trans-Canada Limited
Bramco Developments (1970) Limited (inactive)

Partially-Owned Subsidiary Companies

Bramalea General Contracting (Peel) Limited
Crown Colony Club Limited
Hanlon Park Developments Limited
Less-Hipperson International Limited

Associate Companies

Brama-Green Limited
Bramalea Realty Limited
Bramalea Wescorp Developments Limited
Domaine de Champvert Limitée
Bramhill Realty Limited (formerly Dunhill Realty Limited)
Robert Hunt Company Limited
Robert Hunt Mill Work Corporation Limited
Tallden Investments Limited
Village In The Valley Limited

Joint Ventures

Bradsil Contracting Company
Dunhill-Bramalea Developments
Bramalea-Edmonton
Bramalea-Calgary
Real Properties
Sarnia St Clair Construction Company
Century Manor Ottawa
Central Park Developments

Trustee for Debentures

Canada Permanent Trust Company, Toronto, Ontario

Registrars and Transfer Agents for Stock

Canada Permanent Trust Company, Toronto, Ontario
Morgan Guaranty Trust Company of New York, New York, U.S.A.

Warrant Agent

Morgan Guaranty Trust Company of New York, New York, U.S.A.

Stock Exchange Listing

Toronto Stock Exchange

Auditors

McDonald, Currie & Co., Toronto, Ontario

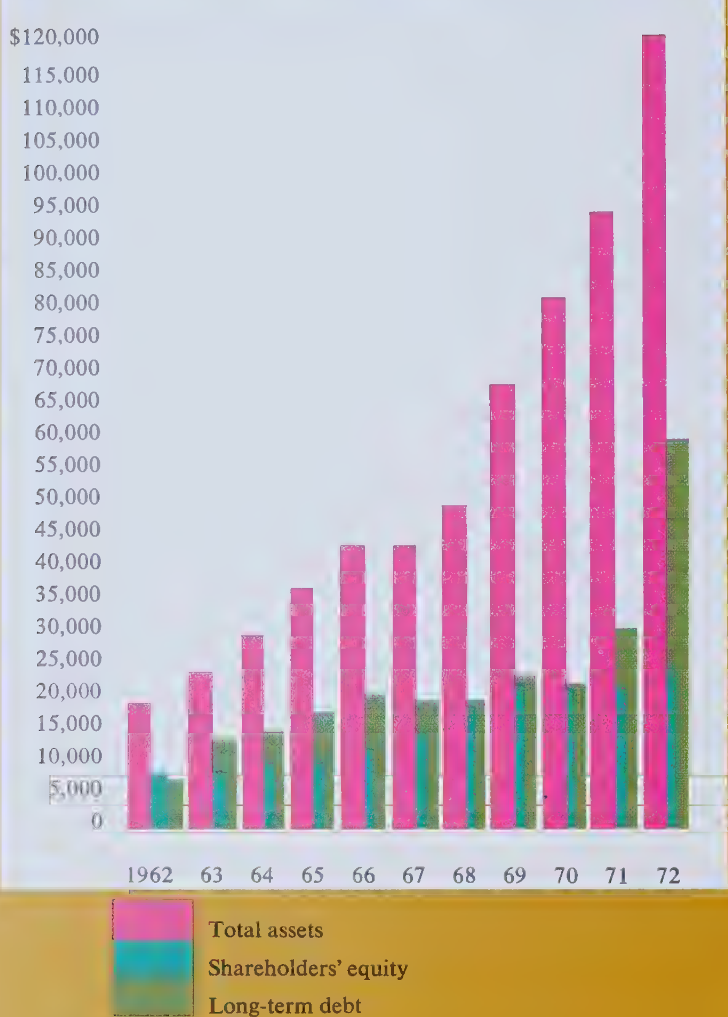
FINANCIAL HIGHLIGHTS

	1972	1971
Total revenue	$ 65,819,999	$44,576,844
Earnings (loss) for the year	$ 1,990,549	$ (58,436)
Total assets	$119,657,792	$93,255,330
Shareholders' equity	$ 23,164,245	$21,096,878
Number of shares issued	6,256,779	6,214,350
Number of shareholders	5,006	5,170
Earnings (loss) per share	$ .32	$ (.01)
Funds provided from operations per share	$ 1.38	$ .17

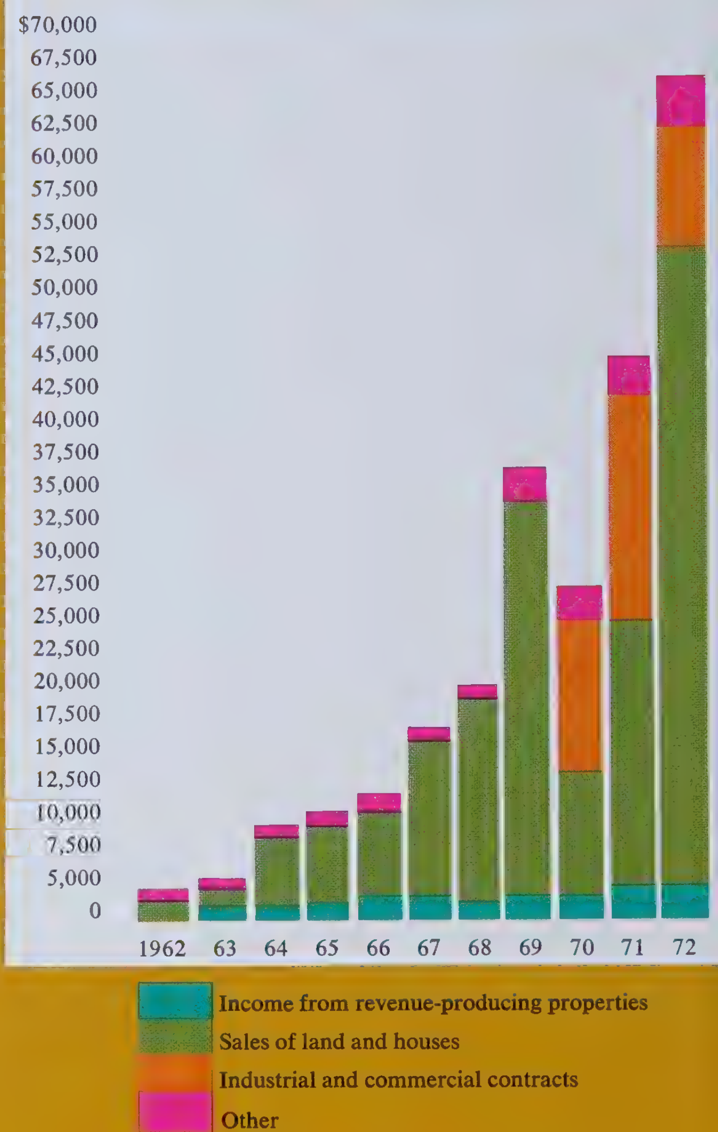
- Major house inventory reduction.
- Bramalea City Centre 90% complete; $24,000,000 permanent financing arranged.
- Major land acquisitions — 1,815 acres.

FINANCIAL REVIEWS AND COMPARISONS

TOTAL ASSETS, SHAREHOLDERS' EQUITY AND LONG-TERM DEBT ***(000's)***



REVENUES BY SOURCE (000's)



Earnings (loss) as a percentage of issued capital stock*

	Net earnings (loss)	Percentage earned on investment
1962	$ (445,252)	(3.94)
1963	12,237	.01
1964	434,099	3.84
1965	611,018	5.40
1966	795,993	7.04
1967	1,534,921	13.47
1968	1,540,386	11.21
1969	2,282,120	13.72
1970	(463,172)	(2.75)
1971	(58,436)	(.33)
1972	1,990,549	11.15

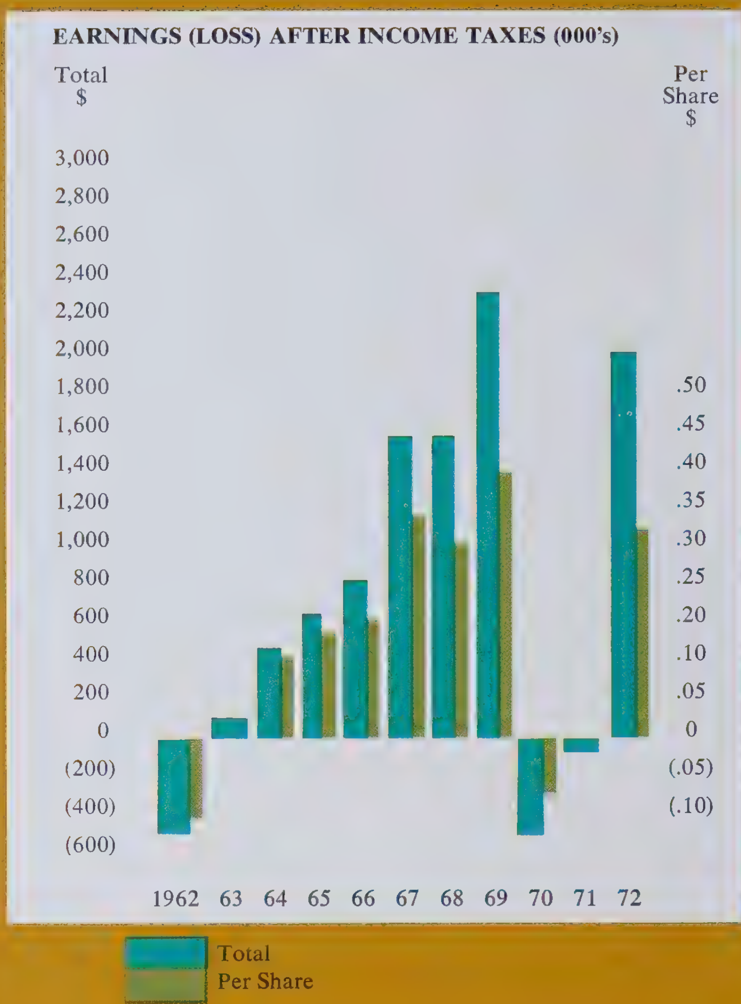
*1962-1966 based on investment of $11,309,849
1967-1972 based on the average investment during each year

Earnings (loss) per share (adjusted for the 5 for 1 stock split in August 1968)**

	Net earnings (loss)*		Income taxes		Net earnings (loss) after income taxes*	
	Total	Per Share	Total	Per Share	Total	Per Share
1962	$ (445,252)	$(.10)	$ —	$ —	$ (445,252)	$(.10)
1963	12,237	—	—	—	12,237	—
1964	434,099	.10	—	—	434,099	.10
1965	611,018	.14	—	—	611,018	.14
1966	795,993	.18	—	—	795,993	.18
1967	2,294,921	.50	760,000	.17	1,534,921	.33
1968	3,429,386	.65	1,889,000	.36	1,540,386	.29
1969	5,358,520	.89	3,076,400	.51	2,282,120	.38
1970	(264,674)	(.05)	198,498	.03	(463,172)	(.08)
1971	79,394	.01	137,830	.02	(58,436)	(.01)
1972	3,768,613	.61	1,778,064	.29	1,990,549	.32

*after adjustment for minority interest.
**1962-1966 based on 4,472,690 shares
1967-1972 based on the weighted monthly average number of shares outstanding during each year

FINANCIAL REVIEWS AND COMPARISONS



AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Bramalea Consolidated Developments Limited and subsidiaries as at November 30, 1972 and the consolidated statements of earnings and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1972 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie + Co

January 26, 1973
Toronto, Ontario.

McDONALD, CURRIE & CO.,
Chartered Accountants

Bramalea Consolidated Developments Limited and Subsidiaries
CONSOLIDATED BALANCE SHEET
as at November 30, 1972

ASSETS	**1972** $	**1971** $
Cash	926,661	974,373
Short-term notes — at cost	1,803,570	530,000
Accounts receivable (notes 2 and 8)	9,489,170	7,585,557
Income taxes recoverable	—	559,906
Housing units (note 3)	6,082,164	16,151,126
Land (notes 4 and 9)		
Under development	8,876,413	13,877,623
Held for future development	25,413,743	9,212,863
Mortgages, debentures and notes receivable (notes 5 and 8)	15,352,928	13,718,207
Investments (notes 6 and 8)	7,916,553	7,671,718
Property and equipment (notes 7 and 9)		
Revenue-producing properties	37,742,866	18,257,446
Other property and equipment	2,833,437	2,534,656
Prepaid and deferred charges	2,667,627	1,629,195
Excess of cost of shares in subsidiary over net book value	552,660	552,660
	119,657,792	93,255,330

Approved on behalf of the Board

[signature], Director

[signature] Director

	1972	1971
LIABILITIES	$	$
Bank indebtedness (note 8)	11,809,318	11,105,720
Accounts payable	14,219,930	14,589,738
Income taxes payable	302,998	—
Mortgages on housing units (note 3)	2,711,067	9,841,862
Mortgages and notes payable (note 9)	49,384,315	19,846,096
Convertible debentures (note 10)	11,868,000	11,868,000
Deferred income taxes	4,163,910	2,701,910
Deferred revenue (note 11)	1,676,976	1,775,589
	96,136,514	71,728,915
Minority interest	357,033	429,537
	96,493,547	72,158,452
SHAREHOLDERS' EQUITY		
Capital stock (note 12)	17,892,232	17,815,414
Retained earnings (note 14)	5,272,013	3,281,464
	23,164,245	21,096,878
Commitments and contingencies (note 16)		
	119,657,792	93,255,330

The accompanying notes are an integral part of this statement.

Bramalea Consolidated Developments Limited and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

for the year ended November 30, 1972

	1972	1971
REVENUE	$	$
Sales of land and houses	49,418,047	21,274,103
Industrial and commercial contracts	9,359,992	17,326,878
Revenue-producing properties	3,923,254	3,930,264
Other	3,118,706	2,045,599
	65,819,999	44,576,844
EXPENSES		
Cost of land and houses	44,901,742	18,657,178
Industrial and commercial contracts	8,490,812	16,839,901
Revenue-producing properties	3,715,239	3,616,610
Administrative	2,537,789	2,429,375
Interest	1,509,229	2,066,247
Other	1,968,607	1,659,331
	63,123,418	45,268,642
	2,696,581	(691,798)
EARNINGS FROM INVESTMENTS (note 6)	983,647	547,399
	3,680,228	(144,399)
PROVISION FOR INCOME TAXES		
Current	316,064	154,982
Deferred	1,462,000	(17,152)
	1,778,064	137,830
EARNINGS (LOSS) BEFORE MINORITY INTEREST	1,902,164	(282,229)
MINORITY INTEREST	88,385	223,793
EARNINGS (LOSS) FOR THE YEAR (note 13)	1,990,549	(58,436)
RETAINED EARNINGS — BEGINNING OF YEAR	3,281,464	3,339,900
RETAINED EARNINGS — END OF YEAR	5,272,013	3,281,464
EARNINGS (LOSS) PER SHARE (note 13)	$ .32	$(.01)

The accompanying notes are an integral part of this statement.

Bramalea Consolidated Developments Limited and Subsidiaries

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

for the year ended November 30, 1972

	1972 $	1971 $
SOURCE OF FUNDS		
From Operations		
Earnings (loss) for the year	1,990,549	(58,436)
Non-cash items included in earnings (loss) for the year (note 15)	6,601,367	1,109,063
Funds provided from operations	8,591,916	1,050,627
Bank financing	751,310	1,313,462
Repayment of mortgages receivable	3,193,306	1,617,167
Additional mortgage financing — net	29,538,219	7,852,137
Share issues (note 12)	76,818	990,400
Disposals of (additions to) housing units	10,068,962	(1,884,939)
Decrease (increase) in investments	738,812	(2,589,748)
Income taxes recovered — net	559,906	142,338
	53,519,249	8,491,444
USE OF FUNDS		
Increase in land inventory	21,012,033	3,222,668
Additions to property and equipment — net	20,482,116	10,222,222
Decrease in mortgages on housing units	7,130,795	2,232,277
Change in accounts receivable and accounts payable — net	1,970,423	(7,920,383)
Purchase of short-term notes	1,273,570	182,000
Increase in deferred charges	1,650,312	—
Excess of cost of shares in subsidiary over net book value	—	552,660
	53,519,249	8,491,444
Funds provided from operations — per share (note 13)	$1.38	$ .17

The accompanying notes are an integral part of this statement.

Bramalea Consolidated Developments Limited and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended November 30, 1972

1. ACCOUNTING POLICIES

The accounting policies followed by the companies and the disclosure of their financial information conform generally with accepted principles employed in the real estate industry.

Principles of Consolidation:

The consolidated financial statements include:

(i) the accounts of all companies in which the parent company holds an interest of 51% or more;

(ii) the companies' share of the results of operations of associate companies and joint ventures on an equity basis. Associate companies include 50%-owned companies and companies in which there is significant ownership.

Foreign Exchange:

The accounts of foreign subsidiaries have been translated to Canadian dollars as follows:

(i) property interests and long-term debt — at rates prevailing when the assets were acquired or debt incurred;

(ii) other assets and liabilities — at the rates prevailing at the date of the balance sheet;

(iii) revenue and expense — at the average rate for the year.

House Sales:

Revenue from the sale of a house is not recorded until the acceptance of the completed house by the purchaser. At the same time, the cost, which is normally 95% to 100% actual and 0% to 5% estimated, is charged to cost of land and houses. The estimated amounts are adjusted to actual as soon as they are known.

Land Sales:

Revenue from the sale of land is recorded on closing and the cost of sale is recorded at the average cost per acre. No profit is recorded on conditional sales.

Industrial and Commercial Contracts:

Revenue from industrial and commercial contracts is recorded when individual contracts are substantially complete. A contract is considered substantially complete when actual cost exceeds at least 85% of total estimated cost.

Rental Revenue:

Revenue from basic and percentage rentals is recorded as earned.

Deferred Revenue:

Revenue is deferred on the following types of transactions:

(i) sale and leaseback of revenue-producing properties. Profits or losses are included in earnings over the terms of the individual leases.

(ii) sale of land, when the amount of cash received is less than that required by the guidelines established by the Ontario Securities Commission. Profits on such sales are included in earnings when sufficient cash is received.

(iii) second mortgages taken back on certain house sales. Interest discount is charged to cost of land and houses at the date of sale and is included in earnings as the mortgages are repaid.

Capitalization of Costs:

Carrying charges, principally real estate taxes and applicable interest on both general and secured debt, are capitalized as to land until it is developed or sold and as to housing units and revenue-producing properties during construction.

Land:

Land is recorded at its original cost plus carrying charges. The cost of land is pro-rated over the saleable acreage. Development costs, which include costs for water and sewage systems, roads, sidewalks and street lighting systems, are allocated to the saleable acreage which benefits from the expenditure.

Depreciation and Amortization:

Revenue-Producing Properties;

Depreciation on completed buildings is recorded on a sinking fund basis over the following terms:

(i) office buildings and shopping centres — 50 years

(ii) industrial buildings, apartments and townhouses — 40 years

The sinking fund method provides a depreciation charge to income of an amount which increases annually, consisting of a fixed annual sum together with interest compounded at 5% per annum. This charge is sufficient to depreciate the buildings fully over their anticipated useful lives.

Other Property and Equipment;

Depreciation and amortization are recorded at a rate sufficient to write these assets off over their anticipated useful lives or over the terms of applicable leases.

Investments:

Investments in associate companies and joint ventures are accounted for on the equity basis. Under this method of accounting, the companies' share of profits or losses, which reflect adjustments similar to those made in preparing consolidated financial statements, is included in income, and the investments are increased or decreased respectively. Dividends are recorded as a reduction of investments.

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2. ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due from:

	1972	1971
	$	$
Sales of land and houses	5,105,428	1,382,495
Industrial and commercial contracts	1,592,031	3,007,676
Other	2,791,711	3,195,386
	9,489,170	7,585,557

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3. HOUSING UNITS

Housing units, at cost, completed and under construction consist of:

	1972			1971
	Construction Costs	Land Costs	Total	Total
	$	$	$	$
Under contract of sale	2,261,475	1,262,915	3,524,390	5,325,977
Not under contract of sale	1,811,991	745,783	2,557,774	10,825,149
	4,073,466	2,008,698	6,082,164	16,151,126

At November 30, 1972 mortgages, bearing an average interest rate of 9%, totalling $2,711,067 (1971 — $9,841,862), were outstanding on housing units. As units are sold the mortgage obligations are liquidated.

4. LAND

Land consists of:

	Under Development		Held for Future Development	
	1972	1971	1972	1971
	$	$	$	$
Land — at cost	2,107,306	4,724,497	21,529,203	6,469,254
Carrying charges	1,518,019	1,589,557	3,884,540	2,743,609
Development costs	5,251,088	7,563,569	—	—
	8,876,413	13,877,623	25,413,743	9,212,863

Included in land held for future development is land, and related carrying charges, of $11,068,299, which is subject to an agreement whereby a third party has a 40% interest in the profits or losses arising from development and sale.

The unamortized balance of carrying charges consists of:

	Under Development		Held for Future Development	
	1972	1971	1972	1971
	$	$	$	$
Balance — beginning of year	1,589,557	1,111,972	2,743,609	2,183,895
Capitalized during the year	704,570	744,661	1,140,931	559,714
	2,294,127	1,856,633	3,884,540	2,743,609
Transfers to:				
Cost of sales	616,506	187,575	—	—
Other assets	159,602	79,501	—	—
	776,108	267,076	—	—
Balance — end of year	1,518,019	1,589,557	3,884,540	2,743,609

5. MORTGAGES, DEBENTURES AND NOTES RECEIVABLE

Mortgages, debentures and notes receivable consist of:

	1972			1971
	Maturity Dates	Average Interest Rates	$	$
Mortgages and notes receivable (note 8)	1973 to 1998	7½ %	12,640,120	10,863,602
Ontario Housing Corporation debenture (note 8)	1984	6⅞ %	2,712,808	2,854,605
			15,352,928	13,718,207

6. INVESTMENTS

Investments consist of:

	1972	1971
	$	$
Investment in and advances to associate companies — equity basis	2,433,405	2,680,701
7% mortgage receivable from an associate company — at cost (note 8)	3,289,739	3,289,739
Advances to joint ventures — equity basis	2,188,119	1,691,978
Investments without quoted value — at cost	5,290	9,300
	7,916,553	7,671,718

The companies' portion of current year's earnings (including interest charged) from associate companies and joint ventures amounted to $983,647 (1971 — $547,399). Cumulative earnings to November 30, 1972, net of distributions and dividends, amounted to $643,146 (1971 — $488,244).

The total cost of share investments in associate companies at November 30, 1972 amounted to $1,145,350 (1971 — $1,604,394). The cost of share investments includes $833,750 of excess of cost of shares in associates over their net book value.

7. PROPERTY AND EQUIPMENT

These assets and related accumulated depreciation and amortization consist of:

	1972			1971
	Cost	Accumulated Depreciation and Amortization	Net	Net
	$	$	$	$
Revenue-producing properties:				
Completed	19,524,828	834,924	18,689,904	8,780,559
Under construction	19,052,962	—	19,052,962	9,476,887
	38,577,790	834,924	37,742,866	18,257,446
Other property and equipment	4,829,155	1,995,718	2,833,437	2,534,656
	43,406,945	2,830,642	40,576,303	20,792,102

Costs to complete revenue-producing properties under construction are estimated at $10,500,000 and will initially be financed by bank loans and funds provided from operations.

8. SECURITY FOR BANK INDEBTEDNESS

The bank indebtedness is secured by floating charge debentures on all of the property and assets of the Company and by the following:

(i) a general assignment of the Company's accounts receivable (note 2);

(ii) assignment of certain mortgages and notes receivable, included in note 5, amounting to $8,747,300;

(iii) the annual payments of principal and interest on the Ontario Housing Corporation debenture (note 5);

(iv) a mortage receivable from an associate company (note 6).

9. MORTGAGES AND NOTES PAYABLE

Mortgages and notes payable consist of:

	1972			1971
	Maturity Dates	Average Interest Rates	$	$
Interim bank mortgage financing on certain revenue-producing properties under construction:				
Canadian Funds	1973	8½ %	2,560,950	840,000
United States Funds	1973	9%	14,639,375	5,523,750
(1972 — US $14,750,000; 1971 — US $5,500,000)				
			17,200,325	6,363,750
Mortgages and notes on land:				
Canadian Funds	1973 to 1985	7%	6,863,912	3,098,185
United States Funds	1975	9½ %	10,421,250	—
(1972 — US $10,500,000; 1971 — Nil)				
Mortgages on revenue — producing properties:				
Canadian Funds	1973 to 2066	9%	12,195,734	7,890,755
Other mortgages and notes payable (partially secured):				
Canadian Funds	1973 to 1983	8½ %	1,733,635	1,597,276
United States Funds	1973 to 1983	9%	969,459	896,130
(1972 — US $945,520; 1971 — US $866,553)				
			32,183,990	13,482,346
			49,384,315	19,846,096

Long-term mortgage financing has been negotiated to replace the interim bank mortgage financing on revenue-producing properties under construction. The long-term mortgage financing will consist of 9% mortgages to a maximum amount of $28,000,000 maturing in twenty years.

Principal repayments due under the terms of the above obligations, apart from those relating to the interim bank mortgage financing on revenue-producing properties under construction, are as follows:

	$
1973	3,133,284
1974	3,303,049
1975	12,027,866
1976	218,600
1977	1,598,650
Subsequent to 1977	11,902,541
	32,183,990

10. CONVERTIBLE DEBENTURES

The 7½% Convertible Debentures, Series A, due October 1, 1988 are secured by a Trust Indenture containing a first floating charge on the undertaking and all the property and assets of the Company. Under the Trust Indenture a Sinking Fund for retirement of the Series A Debentures is to be established into which the Company must pay before October 1st in each of the years 1979 to 1987, inclusive, an amount equal to 6⅔% of the aggregate principal amount of the Series A Debentures outstanding on September 30, 1978.

The Series A Debentures are redeemable in whole or in part subject to the following two restrictions:

(i) the Series A Debentures may not be called for redemption in whole or in part prior to October 1, 1978, unless and until the principal amount of the Series A Debentures converted into shares of the capital of the Company and/or purchased for cancellation shall total $11,400,000;

(ii) the Series A Debentures may not be called for redemption (otherwise than out of Sinking Fund monies) in whole or in part prior to October 1, 1983, as part of, or in anticipation of, any refunding operation involving the incurring of indebtedness at an interest rate of less than 7½% per annum.

Each of the Series A Debentures is convertible up to September 30, 1978, or up to the last full business day preceding the date specified for redemption of such Debenture, whichever is the earlier, into fully-paid and non-assessable common shares by applying the principal amount of such Debenture to the purchase of such shares at a price of $7.92 per share. The Trust Indenture provides for adjustment of the conversion price if additional common shares are issued for a consideration less than $7.92.

11. DEFERRED REVENUE

Deferred revenue consists of:

	1972	1971
	$	$
(i) unamortized profits on sales and leasebacks of revenue-producing properties. Lease commitments are included in note 16(b).	574,264	541,046
(ii) deferred profit on a land sale	898,665	898,665
(iii) discounted interest on second mortgages taken back on certain house sales.	204,047	335,878
	1,676,976	1,775,589

12. CAPITAL STOCK

The Company's authorized capital consists of 12,500,000 common shares without par value. At November 30, 1972 6,256,779 (1971 — 6,214,350) shares were issued and fully-paid.

During the year, the Company issued 42,429 common shares under the exercise of 7,714 warrants for $76,818 cash.

Shares Reserved:

At November 30, 1972 the following shares were reserved for issue:

	1972	1971
Convertible Debentures (note 10)	1,498,485	1,498,485
Stock options	198,650	218,650
Warrants	895,553	937,982
Acquisition of 50% interest in associate company	18,000	18,000
	2,610,688	2,673,117

Stock Options:

During the year stock options for 20,000 shares lapsed. The remaining outstanding stock options are exercisable at $5.60 per share and expire as follows:

Expiry Date	Outstanding at November 30, 1971	Lapsed during the year	Outstanding at November 30, 1972
1973	9,900	—	9,900
1975	92,000	20,000	72,000
1978	116,750	—	116,750
	218,650	20,000	198,650

Warrants:

There are 162,817 warrants outstanding entitling the bearer to purchase common shares of the Company at any time to July 1, 1973. The number and cost of the shares are to be determined in accordance with the Warrant Agreement dated July 1, 1961. At November 30, 1972 the exercise price was $1.82 (U.S. Funds).

Acquisition of 50% interest in associate company:

Under the terms of an agreement to acquire 50% of the outstanding common shares of an associate company (Robert Hunt Company Limited), 18,000 common shares have been reserved for issue dependent upon the completion of certain outstanding conditions. These conditions were fulfilled in 1972 and the shares are to be issued in 1973.

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13. STATUTORY INFORMATION

	1972	1971
	$	$
(a) Remuneration paid to the Company's directors and senior officers, including directors holding salaried employment	422,269	432,952
(b) Depreciation and amortization:		
Revenue-producing properties	200,548	133,685
Other property and equipment	497,367	429,004
	697,915	562,689
(c) Interest expense:		
(i) Long-term debt:		
Revenue-producing properties	571,737	337,988
Interest	831,544	851,465
Expenses — other	80,264	141,157
	1,483,545	1,330,610
(ii) Other debt: Interest	677,685	1,214,782
	2,161,230	2,545,392
(d) Interest income: Revenue — other	1,027,562	650,856

(e) Earnings (loss) and funds provided from operations per share are based on the weighted monthly average number of shares outstanding during each year.

(f) Fully diluted earnings per share are $.27 for the year ended November 30, 1972. The calculation of this amount assumes the following:

(i) issuance of shares reserved in note 12 at the beginning of the year;

(ii) adjustment of earnings for the year, after income taxes, to reflect interest savings on conversion of the convertible debentures and imputed interest at current bank rates on funds received on exercise of stock options and warrants.

14. DIVIDEND RESTRICTION

The Trust Indenture under which the Convertible Debentures were issued provides that, so long as any Debentures are outstanding, the Company will not make any distribution which would have the effect of reducing consolidated retained earnings of the Company and its subsidiaries below $1,000,000.

15. CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

Non-cash items included in earnings (loss) for the year consist of:

	1972	1971
	$	$
Depreciation	697,915	562,689
Land usage and related carrying charges and development costs	9,812,363	5,027,779
Mortages and accounts receivable taken back on land sales	(4,828,027)	(4,279,548)
Deferred income taxes	1,462,000	(17,152)
Amortization of deferred charges	611,880	378,852
Earnings from investments	(983,647)	(547,399)
Other	(171,117)	(16,158)
	6,601,367	1,109,063

16. COMMITMENTS AND CONTINGENCIES

(a) Under the terms of an agreement with a municipality, the Company is obligated to pay for services installed by, or on behalf of, the municipality in prior years. The balance of this obligation is approximately $1,659,000 payable until 1997, of which approximately $656,000 is secured by certain lands. Annual payments are charged to operating expenses as incurred. The payment for 1972 was approximately $62,000.

(b) At November 30, 1972 the Company was obligated under long-term leases for the next five years as follows:

	Minimum Annual Rentals	Maximum Expiration Years
	$	
Leases of revenue-producing properties (note 11)	2,085,000	2000
Other leases	61,000	1979
	2,146,000	

(c) The Company has guaranteed bank and mortgage indebtedness amounting to $3,841,000 of certain associate companies and joint ventures.

(d) The Company and its subsidiary, Crown Colony Club Limited, are defendants in an action commenced in the Bahamas by WRL Investments Limited for alleged wrongful termination of a management contract. Crown Colony Club Limited is actively defending this action and has filed a counterclaim for substantial damages. Present proceedings to set aside the default interlocutory judgment against the Company for failing to appear and the order for service on the Company outside of the jurisdiction of the Bahamian Court are pending and a decision is expected shortly. If it becomes necessary the Company will file a separate defence and will actively defend the action.

Based upon the facts given to legal counsel by the Company, legal counsel is of the opinion that the action can be successfully defended.

17. SUBSEQUENT EVENT

In December, 1972 the Company acquired, through a joint venture, a 50% interest in land costing approximately $15,000,000. The Company's interest in this aquisition has been financed by a bank loan and a mortgage taken back by the vendor.